



Joint Committee on Public Employee Retirement



PUBLIC PLAN UPDATE

June, 2007

In an effort to keep local public employee retirement systems (PERS) informed of recent legislative changes on the state and federal level, the Joint Committee on Public Employee Retirement (JCPER) is providing this *Public Plan Update*.



End of Session Review

At the conclusion of the 2007 Legislative Session of the Missouri General Assembly, nine pension related bills were Truly Agreed To and Finally Passed. Upon signature of Governor Blunt, these bills will be enacted into law.

The Joint Committee on Public Employee Retirement monitored 107 pension related bills during the 2007 legislative session. Seven of those bills were Truly Agreed To & Finally Passed.

→ CCS for HCS for SS for SCS for SENATE BILL 22

LAGERS, All Fire Plans & City of St. Louis

- ✓ Allows employees of local public health agencies to be eligible for LAGERS participation.
- ✓ Adds various forms of cancer to the diseases currently presumed to be suffered by firefighters in the line of duty. Requires the successful passage of a physical exam at least 5 years prior to claim and allows for exclusion if proven to be tied to the use of tobacco.
- ✓ Allows for the City of St. Louis to submit to voters a retail sales tax of up to ½ of 1% for Public Safety department use.

→ HCS for SENATE BILL 127

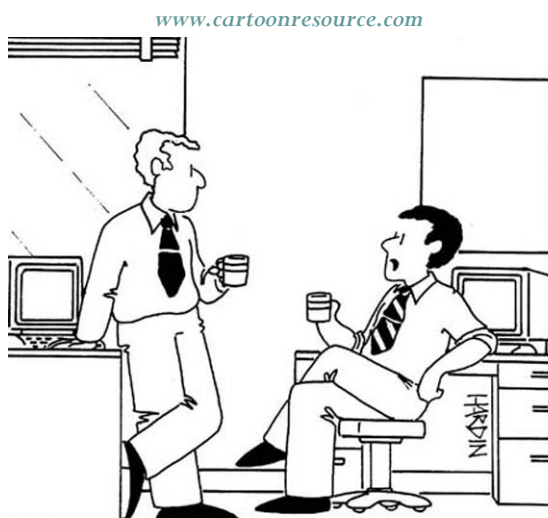
MoDOT & Patrol Employees Retirement System

- ✓ Allows non-uniform members of the MPERS system to purchase up to 4 years of prior service as non-federal full-time public employees in the State of Missouri. Previously applicable to uniformed MPERS members only.
- ✓ Requires an additional retiree member on the MPERS Board of Trustees with one retiree member elected by the retired members of MoDOT and one retiree member elected by retired members of the Highway Patrol.

→ SENATE BILL 172

Kansas City Police & Kansas City Civilian Police Employees Retirement Systems

- ✓ Police Employees: Members who retired under the 2% benefit formula and those retired prior to 08/28/01 under permanent disability provisions, shall be made consultants and will receive an additional equalizing supplement of \$10 monthly. Survivors shall be eligible. The retirement board may provide cost of living adjustments to this benefit annually not to exceed 25% of the member's base pension. The board shall adopt rules relative to annual adjustments of supplemental benefit.
- ✓ Civilian Employees: Members retiring on or after 08/28/07 shall receive a \$50 monthly supplemental benefit providing the member has obtained 15 years of service or is retired under disability provisions. This benefit may be adjusted at the discretion of the retirement board.



"Does my retirement plan make me complacent?
I see no evidence of that."

When you see some people
work you wonder what
they'll do in retirement.

- Unknown Wise Person

→ CCS #2 for HCS #2 for SENATE BILL 406

- ✓ Omnibus Retirement Legislation affecting Missouri State Employees Retirement System (MOSERS), MoDOT and Patrol Employees' Retirement System (MPERS), Public School Retirement System (PSRS), Public Education Employees' Retirement System (PEERS), St. Louis Public School Retirement System, Fire Protection Districts, County Employees' Retirement Fund (CERF), Kansas City Police & Civilian Police Employees' Retirement Systems, and All Public Plans. Certain provisions include:

- Effective plan year 2009, Missouri Consolidated Health Care Plan (MCHCP) is required to offer a High Deductible Health Plan (HDHP) in conjunction with a Health Savings Account (HSA) to state employees and public entity employees in addition to plans already offered.
- Enables retired MCHCP members to add an eligible spouse or dependent child within 60 days of loss of dependent's group coverage due to termination of employment or termination of group coverage by dependent's employer provided coverage was in place for 12 consecutive months prior to loss.
- Establishes a medical trust fund for state retiree health care liabilities (OPEB).
- Transfers administration of the state employees deferred compensation program from the Commission to MOSERS.
- Extends 25 & Out retirement option for PSRS and PEERS members to 2013.
- Extends 2.55% multiplier for PSRS members retiring with 31 or more years of service to 2013.
- Permits Juvenile Officers in single county circuits to receive service credit prior to 7/1/99.
- Allows single and multi-county circuits to receive service credit for prior grant funded service.

MAPERS CONFERENCE



The Missouri Association of Public Employee Retirement Systems (MAPERS) will hold their annual conference on July 10-13, 2007 at the Lake of the Ozarks. This conference is designed to educate public pension plan boards of trustees, administrators and membership on relevant issues facing the public pension world today. The JCPER staff will provide an educational session on Tuesday, July 10th addressing public plan reporting, public disclosure and the newly passed pension reform provisions affecting Missouri's public plans.

More information regarding this conference can be accessed at the MAPERS website, www.momapers.com or by calling 866-462-7377.

→ SCS for HOUSE BILL 41

St. Louis Police

- ✓ Repeals outdated special advisor provisions related to St. Louis Police Department.

→ SS #2 for SCS for HCS for

HOUSE BILL 444, 217, 225, 239, 243, 297, 402 & 172

Social Security / All Plans

- ✓ Beginning 1/1/07, a state income tax deduction for Social Security Benefits, Social Security Disability Benefits, and public pension benefits for those age 62 and older.
- ✓ This deduction will be phased in over a 6 year period with the first year phase-in of 20% to increase annually 15% until fully implemented in 2012.
- ✓ Income guidelines enable a single taxpayer with an adjusted gross income of \$85,000 or less or a married taxpayer filing a combined return with an adjusted gross income of \$100,000 or less to qualify for the maximum deduction. If the adjusted gross income exceeds the maximum allowed, the deduction will decrease by \$1 for every dollar in excess of the maximum.
- ✓ For taxpayers receiving both a Social Security benefit and a public pension benefit, the deduction associated with the public pension benefit will be decreased by \$1 for every dollar of Social Security Benefits received.

→ SCS for HCS for HOUSE BILL 795

City of St. Louis

- ✓ Allows for the City of St. Louis to submit to voters a retail sales tax of up to 1/2 of 1% for Public Safety department use.

There are a lot of books
telling you how to manage
when you retire.
What most people want is
one that'll tell them how to
manage in the meantime.

-Unknown wise person



"Looks like Bob opted for early retirement."

PENSION REFORM PROVISIONS PASSED IN 2007 LEGISLATIVE SESSION

Senator Jason Crowell (S-27), JCPER and Senate Pensions Committee Chairman, sponsored pension reform provisions during the 2007 legislative session. These provisions were based on private pension reform legislation passed in 2006 on the federal level. With the passage of pension reform, Missouri becomes the first state to adopt pension reform provisions to assure the long-term sustainability of Missouri's public pension plans. Provisions include:

PLAN FUNDING

- ▶ Prohibition of new benefit enhancements including COLAs and DROPs for plans less than 80% funded
- ▶ Plans greater than 80% funded may adopt a benefit increase provided the funded ratio remains above 75% after adoption
- ▶ New benefit increases to be amortized over 20 years
- ▶ Plans less than 60% funded shall have actuary prepare an accelerated contribution schedule
- ▶ Plans less than 60% funded that have not received 100% of the required contribution for 5 successive plan years and have experienced a descending funded ratio for 5 successive plan years shall have state funds withheld (PSRS and PEERS are excluded from this provision)
- ▶ Reduces amortization period associated with unfunded accrued liabilities to a maximum of 30 years as recommended by the Governmental Accounting Standards Board (GASB)

FIDUCIARY RESPONSIBILITY AND EDUCATION

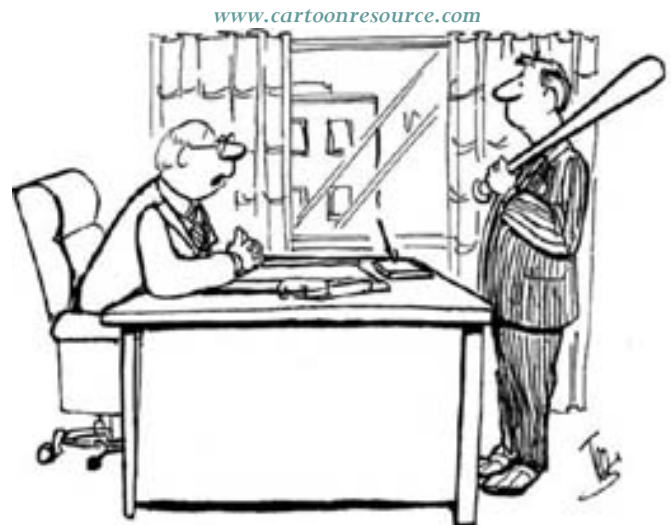
- ▶ Prohibits boards members from receiving gains or profit from any fund or plan transaction
- ▶ Prohibits board members from accepting political contributions or compensation to influence action with respect to plan investments
- ▶ Retirement benefits forfeited upon conviction of a plan-related felony after 8/28/07
- ▶ Requires plan to implement an education program for new board members, including fiduciary responsibility and sunshine law requirements
- ▶ Requires board members having served 1 or more years to attend at least 2 continuing education programs annually

FIRE PROTECTION DISTRICT RETIREMENT PLANS

- ▶ Requires fire protection districts administering their own retirement plan to establish a separate 5 member pension board consisting of two firefighters selected by district board from a pool of 3 elected by membership and 3 fire protection board members

The company gave me
an aptitude test and I found
out the work I was best
suited for was retirement.

— *Unknown wise person*



"Hitting a homerun at the company picnic was great,
but we can't increase your retirement benefits."



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STATE CAPITOL, ROOM 219-A
JEFFERSON CITY, MO 65101